

NORTH CAROLINA GENERAL ASSEMBLY
1981 SESSION

CHAPTER 859
SENATE BILL 29

AN ACT TO MAKE APPROPRIATIONS FOR CURRENT OPERATIONS OF STATE
DEPARTMENTS, INSTITUTIONS, AND AGENCIES, AND FOR OTHER PURPOSES.

The General Assembly of North Carolina enacts:

Section 1. The appropriations made herein are for maximum amounts necessary to provide the services and accomplish the purposes described in the budget. Savings shall be effected where the total amounts appropriated are not required to perform these services and accomplish these purposes and, except as allowed by the Executive Budget Act, or as hereinafter provided, the savings shall revert to the appropriate fund at the end of the biennium.

An outline of the provisions of the act follows this section. The outline shows the heading "—CONTENTS/INDEX—" and it lists by general category the descriptive captions for the various sections and groups of sections that make up the act.

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(This outline is designed for reference only, and it in no way limits, defines, or prescribes the scope or application of the text of the act.)

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Sec. 2. Appropriations from the General Fund of the State for the maintenance of the State departments, institutions, and agencies, and for other purposes as enumerated are made for the biennium ending June 30, 1983, according to the following schedule:

<u>Current Operations – General Fund</u>	<u>1981-82</u>	<u>1982-83</u>
General Assembly	\$ 8,269,157	\$ 10,466,106
Judicial Department	87,881,805	90,321,624
Department of The Governor		
01. Office of The Governor	1,484,867	1,514,146
02. Office of Citizens Affairs	719,066	746,434
03. Office of State Budget and Management	2,884,830	2,971,054
Total Department of The Governor	5,088,763	5,231,634
Lieutenant Governor's Office	305,606	312,389
Department of Secretary of State	761,547	732,974
Department of State Auditor	5,676,167	5,817,170
Department of State Treasurer		
01. Operations	1,556,242	1,609,270
02. Retiree Benefits	14,574,310	15,736,900
03. Law Enforcement Officers' Retirement-		
Local's Share	5,214,000	5,214,000
Total Department of State Treasurer	21,344,552	22,560,170
Department of Public Education		
01. Program Administration and Support	16,702,162	17,235,200
02. Fiscal Administration and Support	1,429,727,901	1,489,660,451
Total Department of Public Education	1,446,430,063	1,506,895,651
Department of Community Colleges	189,180,203	199,802,616
Department of Justice	24,454,675	24,999,398
Department of Agriculture	21,625,281	22,281,304
Department of Labor	4,446,677	4,531,357
Department of Insurance	4,040,385	4,187,924
Department of Administration	32,642,989	34,046,540
Reserve for Microelectronics Center of North Carolina	2,991,000	21,482,000
Department of Transportation		
01. Public Transportation	1,340,000	1,340,000
02. Aeronautics	3,616,571	3,616,571
03. Aid to Railroads	100,000	100,000
Total Department of Transportation	5,056,571	5,056,571
Department of Natural Resources and		
Community Development	35,492,245	36,797,141
Department of Human Resources		
01. Alcoholic Rehabilitation Center –		
Black Mountain	2,365,790	2,409,861

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02. Alcoholic Rehabilitation Center – Butner	1,674,513	1,750,732
03. Alcoholic Rehabilitation Center – Greenville	1,458,945	1,510,664
04. N.C. Special Care Center	2,902,299	3,016,800
05. DHR – Administration and Support Program	18,204,292	18,428,916
06. N.C. School for the Deaf	5,871,884	6,002,684
07. Eastern N.C. School for the Deaf	3,720,999	3,852,654
08. Central N.C. School for the Deaf	2,266,930	2,384,309
09. Governor Morehead School	3,585,598	3,673,927
10. Division of Health Services	49,217,096	49,687,907
11. Lenox Baker Hospital	382,456	436,694
12. McCain Hospital	2,767,802	2,749,008
13. Social Services	64,280,031	61,686,277
14. Medical Assistance	150,936,885	164,458,078
17. Social Services – State Aid to Non-State Agencies	3,668,590	3,668,590
16. Division of Services for the Blind	4,539,472	4,542,342
17. Division of Mental Health and Mental Retardation Services	54,908,880	55,076,082
18. Wright School	899,289	931,921
19. Dorothea Dix Hospital	23,636,908	24,459,132
20. Broughton Hospital	22,684,434	23,446,761
21. Cherry Hospital	21,293,472	21,927,118
22. John Umstead Hospital	19,379,385	19,887,311
23. Western Carolina Center	5,299,399	5,043,082
24. O'Berry Center	3,108,225	2,989,865
25. Murdoch Center	16,504,772	16,692,597
26. Caswell Center	17,304,539	16,998,781
27. Division of Facility Services	7,428,863	7,566,067
28. Division of Vocational Rehabilitation Services	14,900,763	15,393,781
29. Division of Youth Services	19,060,988	19,741,781
Total Department of Human Resources	544,253,499	560,413,722
Department of Correction	154,416,560	161,060,067
Department of Commerce	17,248,899	17,046,703
Department of Revenue	26,578,954	27,455,577
Department of Cultural Resources	18,739,199	19,067,888
Department of Crime Control and Public Safety	8,133,854	8,415,122
University of North Carolina - Board of Governors		
01. General Administration	7,383,765	7,594,802
02. University Operations - Lump Sum	23,828,560	49,985,463
03. Related Educational Programs	25,787,075	26,858,898
04. Center for Alcoholic Studies	175,000	175,000
05. University of North Carolina at Chapel Hill		
a. Academic Affairs	69,688,679	71,861,675
b. Division of Health Affairs	48,164,765	49,164,462
c. Area Health Education Centers	18,204,203	18,239,876

06.	North Carolina State University at Raleigh		
a.	Academic Affairs	71,584,532	73,709,945
b.	Agricultural Research Service	19,593,064	19,933,395
c.	Agricultural Extension Service	14,923,831	15,129,321
07.	University of North Carolina at Greensboro	27,037,468	27,625,314
08.	University of North Carolina at Charlotte	21,459,490	22,038,150
09.	University of North Carolina at Asheville	5,026,262	5,149,071
10.	University of North Carolina at Wilmington	11,466,651	11,777,978
11.	East Carolina University	49,673,833	50,851,900
12.	North Carolina Agricultural and Technical State University	17,803,183	18,574,613
13.	Western Carolina University	17,475,601	17,893,794
14.	Appalachian State University	25,197,031	25,649,913
15.	Pembroke State University	6,620,934	6,738,633
16.	Winston-Salem State University	7,508,185	7,780,440
17.	Elizabeth City State University	6,298,738	6,512,860
18.	Fayetteville State University	7,079,918	7,216,897
19.	North Carolina Central University	14,901,764	15,328,670
20.	North Carolina School of the Arts	4,287,924	4,334,072
21.	North Carolina Memorial Hospital	24,113,781	24,910,683
	Total University of North Carolina	545,284,237	585,035,825
	State Board of Elections	215,608	224,180
	Contingency and Emergency	1,125,000	1,125,000
	Reserve for Salary Adjustments	650,000	650,000
	Reserve for Retirees' Formula Change	2,340,000	2,340,000
	Reserve for Cost-of-Living Adjustment for Retirees	4,200,000	4,200,000
	Reserve for Travel	300,000	300,000
	Reserve for Hospital-Medical Rate Increase	7,109,300	-
	Reserve for Office Furniture and Equipment	500,000	-
	Reserve for Unreduced Retirement Allowance	213,000	213,000
	Debt Service – Interest	31,562,550	33,199,000
	Debt Service – Redemption	33,500,000	36,800,000
	GRAND TOTAL CURRENT OPERATIONS-GENERAL FUND	\$3,292,058,346	\$3,453,068,653

PART II.—CURRENT OPERATIONS/HIGHWAY FUND

Sec. 3. Appropriations from the Highway Fund of the State for the maintenance and operation of the Department of Transportation, and for other purposes as enumerated, are made for the biennium ending June 30, 1983, according to the following schedule:

Current Operations – Highway Fund		1981-82	1982-83
Department of Transportation			
01.	Administration	\$ 14,773,721	\$ 14,941,809
02.	Highways		
a.	Administration and Operations	23,244,984	23,031,879
b.	State Construction		
(01)	Primary Construction	-	-
(02)	Secondary Construction	30,932,000	40,383,000

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	(03) Urban Construction	-	-
	(04) Access and Public Service Roads	1,000,000	400,000
	(05) Bridge Replacements	-	-
c.	State Funds to Match Federal Highway Aid		
	(01) Construction	11,558,423	9,200,000
	(02) Planning Survey and Highway Planning Research	1,156,511	1,594,289
d.	State Maintenance		
	(01) Primary	59,505,102	59,505,102
	(02) Secondary	92,641,957	92,641,957
	(03) Urban	14,198,548	14,198,548
	(04) Contract Resurfacing	79,931,037	65,444,037
e.	Ferry Operations	8,349,143	9,349,143
f.	State Aid to Municipalities	30,932,000	40,383,000
g.	Merit Salary Increments for Central Offices and Division of Highways	2,185,552	3,583,012
h.	Employers' Contributions for Central Offices and Division of Highways		
	(01) Social Security	11,285,614	11,212,838
	(02) Retirement	15,681,275	15,546,441
	(03) Hospital/Medical Insurance	4,701,484	4,654,484
03.	Division of Motor Vehicles	33,885,958	35,214,736
04.	Governor's Highway Safety Program	142,554	148,128
05.	Reserve for Unreduced Retirement Allowance	19,000	19,000
06.	Salary Adjustments for Highway Fund Employees	200,000	200,000
07.	Debt Service	34,138,000	38,150,000
08.	Reserve to Correct Occupational Safety & Health Act Deficiencies	350,000	350,000
9.	Reserve for Hospital/Medical Rate Increase	563,000	-
10.	Reserve for Office Furniture and Equipment	60,000	-
11.	Appropriations for Other State Agencies		
01.	Crime Control & Public Safety	45,529,880	48,063,979
02.	Other Agencies		
	a. Department of Agriculture	1,610,296	1,658,927
	b. Department of Commerce	582,376	586,918
	c. Department of Revenue	1,056,196	1,085,702
	d. Department of Human Resources	222,438	226,992
	e. Department of Correction	500,000	500,000
	Contingencies and Emergency Fund	100,000	100,000

GRAND TOTAL CURRENT OPERATIONS —

HIGHWAY FUND	\$ 521,037,049	\$ 532,373,921
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PART III.—SPECIAL PROVISIONS/HIGHWAY FUND CURRENT OPERATIONS

—HIGHWAY FUND/ALLOCATIONS BY TRANSPORTATION CONTROLLER

Sec. 4. The Controller of the Department of Transportation shall allocate at the beginning of each fiscal year, from the various appropriations made to the Department of Transportation in Section 3 of this act under Titles 02.b. – State Construction, 02.c. – State Funds to Match Federal Highway Aid, 02.d. – State Maintenance, and 02.e. – Ferry Operations, sufficient funds to eliminate all overdrafts on State maintenance and construction projects, and such allocations may not be diverted to other purposes.

—HIGHWAY FUND/LIMITATIONS ON TRANSFERS

Sec. 5. Transfers may be made by authorization of the Governor as Director of the Budget from Section 3 of this act, Titles 02.b.(01) – State Construction/Primary Construction, 02.b.(03) – State Construction/Urban Construction, 02.b.(04) – State Construction/Access and Public Service Roads, 02.c. – State Funds to Match Federal Highway Aid, 02.d. – State Maintenance, and 02.e. – Ferry Operations, provided that the original appropriation from which the transfer is made shall not be reduced by more than ten percent (10%) without the approval of the Advisory Budget Commission. Transfers from Section 3 of this act, Titles 02.b.(01) – State Construction/Primary Construction, 02.b.(03) – State Construction/Urban Construction, 02.b.(04) – State Construction/Access and Public Service Roads, 02.c. – State Funds to Match Federal Highway Aid, 02.d. – State Maintenance, and 02.e. – Ferry Operations, for the purpose of providing additional positions, shall be approved by the Director of the Budget and the Advisory Budget Commission.

—HIGHWAY FUNDS/ADJUSTMENTS TO REFLECT ACTUAL REVENUE

Sec. 7. Any unreserved credit balance in the Highway Fund on June 30 of each of the 1980-81, 1981-82 and 1982-83 fiscal years, shall support appropriations in the succeeding fiscal year. If all of the balance is not needed for these appropriations, the Director of the Budget may use the remaining excess to establish a reserve for access and public service roads, a reserve for unforeseen happenings or state of affairs requiring prompt action as provided for by G.S. 136-44.2, and other required reserves. If all of the remaining excess is not used to establish these reserves, the remainder shall be allocated to the State-funded maintenance or construction appropriations in the manner that the Board of Transportation deems appropriate.

In the event that Highway Fund revenues are less than the amounts appropriated in this act, State-funded construction and maintenance appropriations shall be reduced to the extent necessary to cover any anticipated Highway Fund deficit.

—HIGHWAY FUND/ADJUSTMENTS TO REFLECT FEDERAL FUNDS CHANGES

Sec. 8. In the event the availability of federal funds or the rate of federal matching for any program under the federal aid construction program is changed during any part of the 1981-83 biennium, the Director of the Budget may authorize transfers of sufficient funds to provide adequate matching for federal aid construction funds. These transfers may be made only in appropriations from Section 3 of this act between Titles 02.b. – State Construction, 02.c. – State Funds to Match Federal Aid and 02.d. – State Maintenance or within the affected federal aid programs. No transfers shall be made from Title 02.d. – State Maintenance, until all available funds from the other sources listed in this section have been utilized.

—CASH FLOW/HIGHWAY FUND APPROPRIATIONS

Sec. 9. G.S. 143-28.1 is amended as follows:

(a) At the end of subdivision (3), add the following sentence:

"For the purposes of awarding contracts involving Federal-Aid, any amount due from the Federal Government and the Highway Bond Fund as a result of unreimbursed expenditures may be considered as cash for the purposes of this provision."

(b) In subdivision (4), delete last sentence beginning with "After making".

Sec. 9.1. The General Assembly authorizes and certifies anticipated revenues of the Highway Fund as follows:

For Fiscal Year 1983-84	\$520,400,000
For Fiscal Year 1984-85	\$513,100,000

—APPROPRIATION TO MUNICIPALITIES/ BUTNER INCLUDED

Sec. 9.2. G.S. 136-41.1 is amended by adding the following new subsection:

"(c) Notwithstanding the provisions of subsections (a) and (b) of this section and of G.S. 136-41.2, the unincorporated area known as Butner qualifies in all respects for allocation of funds under this section and certification of the population and street mileage of Butner by the North Carolina Department of Human Resources is acceptable. Funds allocated to the area for this purpose shall be administered by the Department of Human Resources."

PART IV.—GENERAL PROVISIONS

—SPECIAL FUNDS, FEDERAL FUNDS AND DEPARTMENTAL RECEIPTS/AUTHORIZATION FOR EXPENDITURES

Sec. 10. There is appropriated out of the cash balances, federal receipts, and departmental receipts available to each department, sufficient amounts to carry on authorized activities included under each department's operations. All these cash balances, federal receipts and departmental receipts shall be expended and reported in accordance with provisions of the Executive Budget Act, except as otherwise provided by statute.

State departments, agencies, institutions, boards or commissions may make application for, receive or disburse any form of non-State aid. They shall deposit all non-State monies received with the State Treasurer, unless otherwise provided by State law, and shall expend these funds in accordance with the terms and conditions of the fund award which are not contrary to the laws of North Carolina.

—INSURANCE AND FIDELITY BONDS

Sec. 11. All insurance and all official fidelity and surety bonds authorized for the several departments, institutions, and agencies shall be effected and placed by the Insurance Department, and the cost of placement shall be paid by the affected department, institution, or agency with the approval of the Insurance Commissioner.

—NORTH CAROLINA SYMPHONY/GRANT-IN-AID FUNDS

Sec. 12. As a condition of accepting State grant-in-aid funds, the North Carolina Symphony shall operate within a balanced budget.

—SALARY ADJUSTMENT APPROPRIATIONS/AUTHORIZED TRANSFERS

Sec. 13. The Director of the Budget may transfer to General Fund budget codes from the General Fund salary adjustment appropriation, and to Highway Fund budget codes from the Highway Fund salary adjustment appropriation, amounts required to support approved salary adjustments made necessary by difficulties in recruiting and holding qualified employees in State government. The funds shall be transferred only when the use of salary reserve funds in individual operating budgets is not feasible.

—LIMIT COUNTY PARTICIPATION RATE INCREASE AFTER LOSS OF FEDERAL FUNDS

Sec. 13.1. If the federal funding of joint State/county programs is reduced or eliminated, no State agency shall, without direction from the General Assembly, (i) increase the required county financial participation rate in any State/county program to offset the reduced or eliminated federal funding to an amount which is greater than the current county proportion of the nonfederal share of those programs, or (ii) direct the use of county matching funds no longer necessary for the funding of joint State/county programs.

—BUDGETING OF PILOT PROGRAMS

Sec. 13.2. Any program designated by the General Assembly as experimental, model, or pilot shall not become a part of a department's continuation budget request for the

ensuing biennium, but shall be considered as an expansion item until a succeeding General Assembly reapproves it and directs that it be treated as a continuation budget item.

Any new program and any modification of an existing program funded in whole or in part through a special appropriations bill shall be designated as an experimental, model, or pilot program.

—LOCATION OF FISCAL RESEARCH DIVISION OFFICES

Sec. 13.3. G.S. 120-36.5 is amended by deleting the words "in the State Legislative Building".

—TRAVEL EXPENDITURES/REPORTING FORMAT

Sec. 13.4. The Office of State Budget and Management shall require State departments, agencies and institutions to report travel expenditures by the following line items:

- (1) In-state travel — transportation costs;
- (2) In-state travel — subsistence costs;
- (3) Out-of-state travel — transportation costs; and
- (4) Out-of-state travel — subsistence costs.

The State Auditor's Office shall include this breakdown in their Departmental Accounting System.

—STUDY OF STATE CREDIT CARDS/OFFICE OF STATE BUDGET AND MANAGEMENT

Sec. 13.5. The Office of State Budget and Management shall determine the number of individuals who are issued credit cards in the name of the State, the names of these individuals and the number of credit cards each has. The Office of State Budget and Management shall also determine the number of telephones installed in State vehicles, to whom they are assigned, and justification for their use.

An interim report shall be made to the General Assembly by September 15, 1981. A final report including proposed policies concerning the issuance and use of credit cards in the name of the State and the installation of telephones in State-owned motor vehicles shall be presented to the General Assembly by May 1, 1982.

—SHIFT PREMIUM PAY

Sec. 13.6. Shift premium pay shall be paid to all State employees in nonmedically related positions through salary grade 69 and to all State employees in medically related positions through salary grade 73, subject to the provisions of this section. Shift premium pay for employees in medically related positions shall be limited to ten percent (10%) of salary or one dollar (\$1.00) per hour, whichever is greater. The State Personnel Commission shall set the higher shift premium pay for employees in medically related positions only after finding that the higher pay is necessary to meet existing competition from private employers.

The State Personnel Commission shall not adopt a shift premium pay schedule higher than those stated in this section unless the higher schedule is first approved by the General Assembly and funds are appropriated to implement the higher pay. The Commission may, however, request authorization to pay shift premium pay to employees in grades above those stated in this section when the Commission determines that there is a critical shortage of employees in a position because of competition from private employers who pay shift premium pay for that type work. Such a request shall be made to the General Assembly if it is in session; otherwise, the request shall be made to the Advisory Budget Commission.

The State Personnel Commission is directed to strictly enforce its regulation requiring that employees who receive shift premium pay be regularly assigned to night or shift work. In enforcing the regulation the Commission shall strictly construe "regularly" so that shift premium pay shall not be paid to employees temporarily placed on a shift receiving such pay.

—STATE EMPLOYEE COMPENSATION INCREASE GIVEN TOP PRIORITY

Sec. 13.7. It is the intent of the 1981 General Assembly that top priority be given to increasing compensation for State employees when it returns in the Fall of 1981 from its recess. If funds are available for expansion and supplemental requests, first priority shall be given to a State employee compensation package.

—CONTINUATION BUDGET REDUCTIONS/DEPARTMENT OF LABOR

Sec. 13.8. The funds appropriated in Section 2 of this act to the Department of Labor reflect a reduction in the 1981-83 continuation budgets recommended to the General Assembly by the Governor and Advisory Budget Commission. The Department of Labor may make that reduction as it deems appropriate; however, at least seventy percent (70%) of the reduction shall be made in salaries and wages. The Department of Labor shall not increase any inspection fees or any other charges to the public to accommodate the foregoing reductions without prior approval of the Governor and Advisory Budget Commission.

—EXTRADITION OF PROBATION AND PAROLE VIOLATORS

Sec. 13.9. G.S. 15A-744 is amended by rewriting the first sentence to read:

"Subject to the requirements and restrictions set forth in this section, if the crime is a felony or if a person convicted in this State of a misdemeanor has broken the terms of his probation or parole, reimbursements for expenses shall be paid out of the State treasury on the certificate of the Governor."

—GENERAL STATUTES CODE RECODIFICATION COMMISSION ABOLISHED

Sec. 13.10. Article 3 of Chapter 164 of the General Statutes, and G.S. 114-4.2E are repealed.

—TOURISM PROMOTION MATCHING FUNDS

Sec. 13.11. There is appropriated to the Department of Commerce in Section 2 of this act the sum of one hundred fifty thousand dollars (\$150,000) for fiscal year 1981-82 as a grant to the Western North Carolina Associated Communities, Inc., for the purpose of promoting North Carolina accommodations and tourist attractions to visitors to the 1982 Knoxville World's Fair. Western North Carolina Associated Communities, Inc., must match on a dollar-for-dollar basis from private sources the funds made available under this act. Western North Carolina Associated Communities, Inc., may apply to the Department of Commerce, from time to time, for the funds appropriated under this act, as it raises the matching funds.

—COMMITTEE ON EMPLOYEE HOSPITAL AND MEDICAL BENEFITS CREATED

Sec. 13.12. G.S. 135-33(a) is rewritten to read:

"(a) The Committee on Employee Hospital and Medical Benefits shall formulate and establish for teachers and State employees, including all employees of the General Assembly other than participants in the Legislative Intern Program and pages, a program of hospital and medical care benefits to the extent that funds for those benefits are specifically appropriated by the General Assembly. The program may be provided by the Committee either directly or through the purchase of contracts, or by a combination of those methods, as in its discretion the Committee considers wise and expedient. In awarding any contract pursuant to this section, the Committee shall consider the total or overall cost of complete family coverage by teachers and State employees. Once formulated and established by the Committee, the program shall be administered by the Board of Trustees of the Retirement System, subject to the direction of the Committee."

Sec. 13.13. G.S. 135-33(c) is amended in the first line of that subsection by deleting the words "Board of Trustees" and substituting the words "Committee on Employee Hospital and Medical Benefits".

Sec. 13.14. G.S. 135-33.1 is amended by deleting the first sentence of that section and substituting the following:

"The Committee on Employee Hospital and Medical Benefits shall formulate and establish for members of the General Assembly, their spouses and dependents, a program of hospital and medical care benefits similar to the program provided for teachers and State employees which

shall be paid for solely by contributions of the beneficiaries of the program. Once formulated and established by the Committee, the program shall be administered by the Board of Trustees of the Retirement System, subject to the direction of the Committee."

Sec. 13.15. G.S. 135-33.1 is further amended by deleting the words "board of trustees" in the last sentence of that section and substituting the words "Committee on Employee Hospital and Medical Benefits".

Sec. 13.16. G.S. 135-34 is rewritten to read:

"The Committee on Employee Hospital and Medical Benefits shall formulate and establish for teachers and State employees with one or more years of service, including all employees of the General Assembly other than participants in the Legislative Intern Program and pages, a program of disability salary continuation benefits to the extent that funds for those benefits are specifically appropriated by the General Assembly. The program may be provided by the Committee either directly or through the purchase of contracts, or by a combination of those methods, as in its discretion the Committee considers wise and expedient. Once formulated and established by the Committee, the program shall be administered by the Board of Trustees of the Retirement System subject to the direction of the Committee. Benefits provided under this program of disability salary continuation shall not be reduced in any manner as a result of Social Security payments received with respect to any dependent or dependents of the disabled employee or as a result of compensation received from the Veterans Administration of the United States for disease or disability incurred while a member of the armed forces of the United States."

Sec. 13.17. G.S. 135-35 is repealed.

Sec. 13.18. Article 3 of Chapter 135 of the General Statutes is further amended by adding the following new section:

"§ 135-37. Committee on Employee Hospital and Medical Benefits. — (a) The Committee on Employee Hospital and Medical Benefits shall consist of 12 members as follows:

- (1) The President Pro Tempore of the Senate;
- (2) The Chairman of the Senate Committee on Ways and Means;
- (3) The Chairman of the Senate Committee on Appropriations;
- (4) The Chairman of the Senate Committee on Base Budget;
- (5) The Chairman of the Senate Committee on Finance;
- (6) One other member of the Senate appointed by the President of the Senate;
- (7) The Speaker Pro Tempore of the House of Representatives;
- (8) The Chairman of the House Committee on Appropriations Base Budget;
- (9) The Chairman of the House Committee on Appropriations Expansion Budget;
- (10) The Chairman of the House Committee on Finance; and
- (11) Two other members of the House appointed by the Speaker.

(b) The members of the Committee who are members because of the offices they hold shall remain on the Committee for the duration of their terms in those offices. The President of the Senate and Speaker of the House shall appoint the other members of the Committee for two-year terms beginning on July 1 of odd-numbered years.

(c) The Committee shall formulate and establish programs for hospital, medical care and disability salary continuation benefits as provided in G.S. 135-33, 135-33.1 and 135-34. In formulating and establishing those programs the Committee may consult with the Board of Trustees of the Retirement System. The Board of Trustees and the director, staff, and advisors of the Retirement System shall provide the Committee with any information or assistance requested by the Committee in performing its duties under this Article.

(d) The time members spend on Committee business shall be considered official legislative business for purposes of G.S. 120-3."

Sec. 13.19. The programs for hospital, medical care and disability salary continuation benefits formulated, established, and administered by the Board of Trustees of the Retirement System before the effective date of this act are adopted as the programs of the Committee on Employee Hospital and Medical Benefits and shall continue in effect in the same manner after the effective date of this act except as changed by the Committee pursuant to its authority under Sections 13.12 through 13.19 of this act.

PART V.—SPECIAL PROVISIONS/HUMAN RESOURCES

—MEDICAID

Sec. 14. Medicaid.

- (1) **Medicaid Reimbursement.**—Appropriations in Section 2 of this act for services provided in accordance with Title XIX of the Social Security Act (Medicaid) are for both the categorically needy and the medically needy. Funds appropriated for such services are to be expended in accordance with the following schedule of services and payment basis:

<u>Services</u>	<u>Payment Basis</u>
Hospital – Inpatient	Allowable costs, but administrative days for any period of hospitalization shall be limited to a maximum of three days.
Hospital – Outpatient	90 percent of allowable costs.
Mental and Specialty Hospitals	Allowable costs.
Skilled Nursing Facilities and Intermediate Care Facilities	As prescribed under the State Plan for Reimbursing Long Term Care Facilities. Effective October 1, 1981, skilled nursing facility participation in the Medicare program is a condition of participation in the North Carolina Medicaid skilled nursing facility program.
Intermediate Care Facilities for the Mentally Retarded	Allowable costs. The Department of Human Resources, Division of Medical Assistance shall develop a prospective reimbursement plan by October 1, 1981. By this date the Department shall have completed any necessary changes in the State Medicaid Plan, and have met other requirements of federal and State law, necessary to implement the plan. The plan shall become effective 10 days following the recess of the Fall 1981 Session of the General Assembly unless disapproved by the General Assembly.
Drugs	Drug cost as allowed by federal regulations plus \$2.80 professional service fee per month excluding refills for same drug or generic

	equivalent during the same month. (Payments for drugs are subject to the provisions of subdivision (8) of this section.)
Physicians	90 percent of allowable usual and customary charges.
Chiropractors	90 percent of allowable usual and customary charges.
Dental	90 percent of allowable usual and customary charges. (Payments for dental services are subject to the provisions of subdivision (7) of this section.)
Home Health	Allowable costs.
Optical Services	90 percent of allowable usual and customary charges.
Medicare Buy-In	Social Security Administration premium.
Clinic Services	Reasonable customary charges as determined by the State under federal regulations.
Ambulance Services	100 percent of allowable, reasonable, usual and customary charges.
EPSDT Screens	Established rate approved by the State.
Hearing Aids	Actual cost plus a dispensing fee.
Rural Health Clinic Services	Provider based – reasonable cost; Non-provider based – single cost reimbursement rate per clinic visit.
Family Planning	Negotiated rate for local health departments and other providers – see specific services, i.e., hospitals, physicians, etc.
Independent Laboratory and X-Ray Services	90 percent of allowable usual and customary charges.
Optical Supplies	100 percent of reasonable wholesale cost of materials.
Medicare Crossover Claims	Total payments for services from Medicare and Medicaid rendered to Medicare patients, who are also eligible for Medicaid shall not exceed the Medicaid payment for the same services.

Notwithstanding the schedule for services and payment basis in this section, increases in Medicaid rates for physicians, dentists, chiropractors, optometrists, and podiatrists shall not exceed seven percent (7%) in each year of the biennium.

Payment basis terms of allowable, usual, reasonable, and customary are definitive terms prescribed by federal regulations governing the Medicaid program. Any changes in services or basis of payment in the Medicaid

- program must be approved by the Director of the Budget and the Advisory Budget Commission.
- (2) Allocation of Nonfederal Cost of Medicaid. — The State shall pay eighty-five percent (85%) and the counties shall pay fifteen percent (15%) of the nonfederal costs of all applicable services listed in this section, except that the State shall pay sixty-five percent (65%) and the counties shall pay thirty-five percent (35%) of the nonfederal costs of those Skilled Nursing Facilities and Intermediate Care Facilities services which are not owned by the State.
- (3) Co-payment for Medicaid Services. — Medicaid recipients shall pay the maximum co-payment as allowed by federal regulations.
No co-payment is required for EPSDT-related services, family planning services, State hospital services, or services subject to Medicare Part A or Part B coverage.
Co-payment for inpatient hospital services is limited to the first 30 days of each stay.
- (4) Prepaid Health Care for Medicaid Recipients .— The Department of Human Resources, Division of Medical Assistance is authorized, subject to approval of a change in the State Medicaid Plan by the Director of the Budget and the Advisory Budget Commission, to purchase health care services on a prepaid basis.
- (5) Medicaid Income Eligibility Standards. — Maximum net family annual income eligibility standards for Medicaid shall be as follows:

<u>Family Size</u>	<u>Categorically Needy</u>		<u>Medically Needy</u>
	<u>AFDC*</u>	<u>AA,AB,AD*</u>	
1	\$1,524	\$1,700	\$2,100
2	2,004	2,200	2,700
3	2,304	2,500	3,100
4	2,520	2,800	3,400
5	2,760	3,000	3,700
6	2,976	3,200	4,000
7	3,192	3,400	4,300
8	3,324	3,600	4,500

*Aid to Families with Dependent Children (AFDC); Aid to the Aged (AA); Aid to the Blind (AB); and Aid to the Disabled (AD).

These standards may be changed with the approval of the Director of the Budget and the Advisory Budget Commission.

- (6) Spouse Responsibility. — Rules governing the income and financial resources of the spouse of a person who is admitted as a long-term care patient in a certified public or private intermediate care or skilled nursing facility shall be consistent with federal regulations and with the June 25, 1981, decision of the U.S. Supreme Court in the Grey Panthers vs. Secretary, Department of Health and Human Services.
- (7) Prior Approval for Dental Services. — Funds for dental services shall be disbursed only with prior approval by the Department of Human Resources, Division of Medical Assistance as required by this paragraph. No prior approval shall be required for emergency services or routine services. Routine services are defined as examinations, X rays, prophylaxis, nonsurgical tooth extractions, amalgam fillings, and fluoride treatments. Prior approval shall be required for all other services and for routine services

performed more than two times during a consecutive 12-month period. The Department of Human Resources shall establish rules and regulations, as provided by the Administrative Procedures Act, for obtaining prior approval as required by this section.

- (8) Dispensing of Generic Drugs. — Notwithstanding Part 1A of Article 4 of Chapter 90 of the General Statutes, under the Medicaid Assistance program (Title XIX of the Social Security Act) a prescription order for a drug designated by a trade or brand name shall be considered to be an order for the drug by its established or generic name, except when the prescriber personally indicates, either orally or in his own handwriting on the prescription order, "dispense as written" or words of similar meaning.

As used in this paragraph "brand name" means the proprietary name the manufacturer places upon a drug product or on its container, label or wrapping at the time of packaging; and "established name" shall have the same meaning as assigned that term by the Federal Food, Drug and Cosmetic Act as amended, Title 21 U.S.C. 301 et seq.

- (9) Actions on Federal Reductions in Medicaid. — Prior to the convening of the Fall 1981 Session of the General Assembly, the Department of Human Resources, Division of Medical Assistance shall explore any and all cost containment measures, including but not limited to those considered by the budget committees, to meet anticipated reductions in federal funding of the State's Medicaid program. These measures may include limitations of services, changes in reimbursement rates and methodologies, and changes in eligibility.

Changes in Medicaid may be made by the Governor and the Advisory Budget Commission prior to the Fall 1981 Session of the General Assembly if the federal funding reductions require immediate action.

—COUNTY MEDICAID RELIEF FUNDS

Sec. 15. Of the funds appropriated to the Department of Human Resources, Division of Medical Assistance in Section 2 of this act for fiscal year 1981-82, four million six hundred thirty-nine thousand dollars (\$4,639,000) shall be used to relieve those counties of the additional costs the counties incurred in fiscal year 1980-81 due to the difference between the State-county participation rates for domiciliary care facilities and non-State owned skilled nursing and intermediate care facilities in effect in fiscal year 1980-81 and those in effect in fiscal year 1977-78 and that they would not have incurred had these sections not been enacted. These funds shall be distributed for actual cost incurred or on a pro rata basis in the proportion that an individual county's additional cost bears to the total additional cost to those counties which incurred additional costs in 1980-81.

—ENCOURAGE COUNTIES TO MEET THEIR LOCAL SOCIAL SERVICES BUDGET OBLIGATIONS

Sec. 16. The Director of the Budget is authorized to withhold from any county that does not pay its full share of public assistance costs to the State and has not arranged for payment pursuant to G.S. 108-54.1 or G.S. 108A-143, any State monies appropriated from the General Fund for public assistance and related administrative costs, or to direct the Secretary of Revenue and State Treasurer to withhold any tax owed to a county under Article 7 of Chapter 105 of the General Statutes, G.S. 105-113.86, Article 39 of Chapter 105 of the General Statutes or Chapter 1096 of the Session Laws of 1967. The Director of the Budget shall notify the chairman of the board of county commissioners of the proposed action prior to the withholding of funds.

—NONMEDICAID MEDICAL SERVICES/STATE PROGRAMS

Sec. 17. Providers of medical services under the various State programs other than Medicaid offering medical care to citizens of the State shall be reimbursed at rates no more than those under the Medicaid program.

Maximum net family annual income eligibility standards for services in these programs except Migrant Health and School Health shall be as follows:

Family Size	Kidney	Medical Eye Care	Rehabilitation	All Other
1	6,400	1,800	5,053	4,200
2	8,000	2,520	6,608	5,300
3	9,600	3,180	8,161	6,400
4	11,000	3,600	9,718	7,500
5	12,000	3,960	11,276	7,900
6	12,800	4,320	12,828	8,300
7	13,600	4,680	13,116	8,800
8	14,400	5,040	13,411	9,300

These standards may be changed with the approval of the Director Budget and the Advisory Budget Commission.

—MIXED BEVERAGE TAX FOR AREA MENTAL HEALTH PROGRAMS

Sec. 19. Funds received by the Department of Human Resources from the tax levied on mixed beverages under G.S. 18A-15(3)c.3. or G.S. 18B-804(b)(8) shall be expended by the Department of Human Resources for alcohol programs in area mental health centers. These funds shall be matched by local funds in accordance with the State/local ratio established by the current area mental health matching formula. These funds shall be allocated to the area mental health programs on a per capita basis as determined by the Office of State Budget and Management's most recent estimates of county populations.

—DIRECT PATIENT-CARE BENEFITS/NO CHANGE TO INDIRECT BENEFITS

Sec. 21. In order that an adequate level of direct patient care in the Department of Human Resources health care institutions may be maintained, positions recommended for direct patient care in the budget shall not be reclassified and funds shall not be reallocated to nondirect patient-care activities.

—OLDER AMERICANS FUNDS/MATCH OTHER PROGRAMS

Sec. 22. The Department of Human Resources, Division of Aging, is authorized to use funds appropriated for the 1981-83 biennium as State matching funds for Title VII of The Older Americans Act as State matching funds for other federal programs.

—AGED AND FAMILY CARE/COUNTY AND STATE SHARES OF COSTS

Sec. 23. The State shall pay seventy percent (70%) and the counties shall pay thirty percent (30%) of the authorized rates for domiciliary care in homes for the aged and for family care homes.

—DOMICILIARY CARE FACILITIES

Sec. 23.1. The Department of Human Resources, Division of Social Services shall increase the rates allowed domiciliary care facilities by thirty dollars (\$30.00) per month, effective July 1, 1981. These rates shall increase by an additional thirty dollars (\$30.00) per month, effective January 1, 1982.

Notwithstanding the participation rates in Section 23 of this act, counties shall not be required to pay any part of this rate increase for the 1981-82 fiscal year.

Sec. 23.2. (a) Chapter 108 of the General Statutes is amended by adding a new section to read:

"§ 108-77.1. Domiciliary care facilities; reporting requirements. — The Department of Human Resources, Division of Social Services, by January 1, 1982, shall develop a cost and revenue reporting form for use by all domiciliary care facilities. This form shall be based on the uniform chart of accounts required in G.S. 108-77.2. All facilities that receive funds under the

State-County Special Assistance for Adults Program shall report total costs and revenues to the Department of Human Resources by February 1, 1984, for the 1983 calendar year and annually thereafter. Facilities licensed for five beds or less and combination facilities providing either intermediate or skilled care in addition to domiciliary care shall not be required to comply with the reporting requirements in this section. All facilities shall be required to permit access to any requested financial records by representatives of the Department of Human Resources for audit purposes effective July 1, 1981.

The Department may take either or both of the following actions to enforce compliance by a facility with this section, or to punish noncompliance:

- (1) Seek a court order to enforce compliance;
- (2) Suspend or revoke the facility's license, subject to the provisions of Chapter 150A, the Administrative Procedure Act."

(b) Effective October 1, 1981, the statute added by subsection (a) of this section shall be recodified in an appropriate place in Chapter 131C.

Sec. 23.3. (a) Chapter 108 of the General Statutes is amended by adding a new section to read:

"§ 108-77.2. Domiciliary care facilities; uniform chart of accounts. — The Department of Human Resources, Division of Social Services, by January 1, 1982, shall develop a uniform chart of accounts for use by all domiciliary care facilities funded totally or in part through the State-County Special Assistance for Adults Program. The Division shall consult with representatives from the domiciliary care industry in developing the new accounting system. The division shall require that domiciliary care facilities covered by this section to implement this chart of accounts by January 1, 1983. Facilities licensed for five beds or less, and combination facilities providing either intermediate or skilled care in addition to domiciliary care, shall not be required to comply with this section.

The Department may take either or both of the following actions to enforce compliance by a facility with this section or to punish noncompliance:

- (1) Seek a court order to enforce compliance;
- (2) Suspend or revoke the facility's license, subject to the provisions of Chapter 150A, the Administrative Procedure Act."

(b) Effective October 1, 1981, the statute added by subsection (a) of this section shall be recodified in an appropriate place in Chapter 131C of the General Statutes.

—SALE OF REAL PROPERTY, JOHN UMSTEAD HOSPITAL

Sec. 23.4. A new sentence is added to the end of G.S. 146-30 to read as follows:

"Provided further, the net proceeds derived from the sale of land at John Umstead Hospital on and after July 1, 1980, shall be deposited with the State Treasurer in a capital improvement account to the credit of the Hospital to bring those streets in the unincorporated area known as Butner not in the State highway system up to standards adequate for acceptance on the system, according to a plan adopted by the Department of Administration, Office of State Budget and Management and the Advisory Budget Commission, with the approval of the Board of County Commissioners of Granville County."

—TRANSFER OF FUNDS FOR CHILDREN WITH SPECIAL NEEDS

Sec. 23.5. Of the funds appropriated in Section 2 of this act to the Department of Public Education for the education of children with special needs, the sum of three hundred four thousand dollars (\$304,000) in fiscal year 1981-82 and three hundred twenty thousand dollars (\$320,000) in fiscal year 1982-83 shall be transferred by the Director of the Budget to the Department of Human Resources to enable the Department of Human Resources to continue teaching positions previously supported through allotments from the State Board of Education.

PART VI.—DEPARTMENT OF CORRECTION - SPECIAL PROVISION/CORRECTION

—REIMBURSEMENT TO LOCAL CONFINEMENT FACILITIES

Sec. 25. G.S. 148-32.1(a) is rewritten to read as follows:

"§ 148-32.1. Local confinement, costs, alternate facilities, parole, work release. — (a) The Department of Correction shall pay each local confinement facility a standard sum set by the General Assembly in its appropriation acts at a per day, per inmate rate, for the cost of providing food, clothing, personal items, supervision and necessary ordinary medical services to those male inmates committed to the custody of the local confinement facility to serve sentences of 30 to 180 days. This reimbursement shall not include any period of detention prior to actual commitment by the sentencing court. The Department shall also pay to the local confinement facility extraordinary medical expenses incurred for the inmates, defined as follows:

- (1) Medical expenses incurred as a result of providing health care to an inmate as an inpatient (hospitalized);
- (2) Other medical expenses when the total cost exceeds thirty-five dollars (\$35.00) per occurrence or illness as a result of providing health care to an inmate as an outpatient (nonhospitalized); and
- (3) Cost of replacement of eyeglasses and dental prosthetic devices if those eyeglasses or devices are broken while the inmate is incarcerated, provided the inmate was using the eyeglasses or devices at the time of his commitment and then only if prior written consent of the Department is obtained by the local facility.

**PART VII.—DEPARTMENT OF PUBLIC EDUCATION – SPECIAL PROVISIONS/
PUBLIC SCHOOLS**

—ONE-STEP SALARY INCREASE/SOME SCHOOL PERSONNEL

Sec. 28. Funds are appropriated in Section 2 of this act to the Department of Public Education to provide a one-step salary increase on the salary schedule, effective on January 1 of each year of the biennium, for State-paid teacher aides, clerical assistants, and custodians and maintenance supervisors in the public schools. However, for 10-month employees, this increase shall be effective at the beginning of the sixth month of employment. If the funds appropriated are inadequate to provide a full one-step salary increase, an equal percentage of each one-step increase shall be funded. The State Board of Education shall adopt rules and regulations for the use of these funds as provided in this section.

—TEXTBOOK APPROPRIATIONS/NOT REVERT

Sec. 29. Funds appropriated in this act to the Department of Public Education for the purchase of elementary basic textbooks shall be permanent appropriations, and unexpended portions of these appropriations shall not revert to the General Fund at the end of the biennium.

—SCHOOL EMPLOYEE PERSONNEL COMMISSION RECOMMENDATIONS

Sec. 29.1. G.S. 115C-329(b) as it appears in Chapter 423 of the 1981 Session Laws is amended by adding a period after the language "recommendations from the Commission" and by rewriting the portion after the period to read:

"The State Board of Education is not empowered to implement recommendations of the Commission without an appropriation from the General Assembly for this express purpose."

—PURCHASE OF BUSES IN LIEU OF CONTRACT TRANSPORTATION

Sec. 29.2. Section 6(a) of Chapter 1212 of the 1979 Session Laws is amended by adding after the first sentence the following new language:

"Funds appropriated to the Department of Public Education for the 1981-83 biennium for contract transportation to serve exceptional children, may be used by local boards of education for the purchases of buses and minibuses as well as for the purposes authorized in the budget."

Sec. 29.3. The first sentence of Section 6(b) of Chapter 1212 of the 1979 Session Laws is amended by deleting the word "criteria", and inserting in lieu thereof the words "specific uniform criteria", and is further amended by adding immediately before the period the

words ", provided that in calculating the cost saving, two-twelfths of the purchase price of the bus or minibus shall be included in the calculation".

Sec. 29.4. Section 6(c) of Chapter 1212 of the 1979 Session Laws is rewritten to read:

"(c) This section is intended as an interim solution."

Sec. 29.5. Section 6(d) of Chapter 1212 of the 1979 Session Laws is rewritten to read:

"(d) Any vehicles purchased under the authority of this section shall be subject to G.S. 115-188 and G.S. 115C-249, except for subsection (h) of those sections."

Sec. 29.6. Section 6(f) of Chapter 1212 of the 1979 Session Laws is amended in the last paragraph by adding "and G.S. 115C-240" after "G.S. 115-181".

—RESPONSIBILITY FOR EDUCATION OF CHILDREN WITH SPECIAL NEEDS

Sec. 29.7. (1) A new section is added to Part 10 of Article 9 of Chapter 115C of the General Statutes as it appears in Chapter 423 of the 1981 Session Laws to read:

"§ 115C-140.1. Cost of education of children in group homes, foster homes, etc. — (a) Notwithstanding the provisions of any other statute and without regard for the place of domicile of a parent or guardian, the cost of a free appropriate public education for a child with special needs who is placed in or assigned to a group home, foster home or other similar facility, pursuant to State and federal law, shall be borne by the local board of education in which the group home, foster home or other similar facility is located. Nothing in this section obligates any local board of education to bear any cost for the care and maintenance of a child with special needs in a group home, foster home or other similar facility.

(b) The State Board of Education shall use State and federal funds appropriated for children with special needs to establish a reserve fund to reimburse local boards of education for the education costs of children assigned to group homes or other facilities as provided in subsection (a) of this section."

(2) The current funding ratio of additional per pupil allocation to local school administrative units for children with special needs shall be continued in 1981-83 subject to the appropriation of adequate State and federal funds specifically for the program for children with special needs. The State Board of Education shall adjust the additional per pupil allocation formula during the 1981-82 and 1982-83 school years to reflect the amount of funds available for the program for children with special needs.

—FUNDS FOR MEMBERS OF THE CLASS IDENTIFIED IN WILLIE M., et. al. vs. HUNT, et. al.

Sec. 29.8. (a) Legislative findings. — The General Assembly finds:

- (1) That there is a need in North Carolina to provide appropriate treatment and education programs to children under the age of 18 who suffer from emotional, mental, or neurological handicaps accompanied by violent or assaultive behavior;
- (2) That children with these behaviors have been identified as a class in the case of Willie M., et. al. vs. Hunt, et. al.;
- (3) That these children have a need for a variety of services that may include but are not limited to residential treatment programs, educational programs, and independent living arrangements;
- (4) That the plans of the Department of Human Resources and the Department of Public Instruction for children in the Willie M. class indicate that not all counties in the State have the same readiness to proceed with providing the full range of services needed by these children;
- (5) That an attempt to provide immediately the full range of services needed by these children would result in ill-conceived, poorly executed programs at great public expense;

- (6) That, because of multiple practical difficulties which will undoubtedly be encountered before services can be instituted statewide, it is necessary for the General Assembly to establish a schedule of priorities for allocating funds to local area mental health programs and local educational agencies.

(b) Funds for Division of Mental Health, Mental Retardation, and Substance Abuse. — Funds in the amount of one million five hundred eighty-six thousand seven hundred forty-two dollars (\$1,586,742) are appropriated in Section 2 of this act for each year of the biennium to the Department of Human Resources, Division of Mental Health, Mental Retardation, and Substance Abuse for the purpose of providing appropriate treatment for members of the class identified in Willie M., et. al. vs. Hunt, et. al. These funds shall be expended through area mental health, mental retardation, and substance abuse programs in accordance with the schedule of priorities in the Department of Human Resources, the Division of Mental Health, Mental Retardation and Substance Abuse, Plan III submitted by the department to the General Assembly in June, 1981.

(c) Funds for Division of Youth Services. — Funds in the amount of one hundred thirty-nine thousand twenty-eight dollars (\$139,028) are appropriated in Section 2 of this act for each year of the biennium to the Department of Human Resources, Division of Youth Services, to serve members of the class identified in Willie M., et. al. vs. Hunt, et. al. who are committed to the Division of Youth Services. These funds shall be expended by the Division of Youth Services for the developmental disabilities program at C. A. Dillon School.

(d) Priority for Residential Programs. — Children who are members of the Willie M. class and are in counties that do not receive funds in the 1981-83 biennium and that cannot currently provide the full range of services needed by these children shall receive priority in appropriate programs operated by the Department of Human Resources. The Department of Human Resources shall promulgate rules and regulations to implement this subsection by October 1, 1981.

(e) Limitation on expenditure of funds. — The funds referred to in subsections (b) and (c) may not be used to serve children not in the Willie M. class if any class member within the zone described in the Department of Human Resources, Division of Mental Health, Mental Retardation and Substance Abuse, Plan III remains unserved. No funds shall be expended for any program that does not serve members of the class.

(f) Funds for Department of Public Education. — Funds in the amount of two hundred thirty-nine thousand three hundred sixty dollars (\$239,360) are appropriated in Section 2 of this act for each year of the biennium to the Department of Public Education to establish a supplemental reserve fund to serve only members of the class identified in Willie M., et. al. vs. Hunt, et. al. These funds shall be allocated by the State Board of Education to those local education agencies that coincide with those area mental health, mental retardation, and substance abuse centers that receive funds under the Department of Human Resources, Division of Mental Health, Mental Retardation and Substance Abuse, Plan III. These funds shall be allocated by the State Board of Education to the local education agencies to serve those class members who were not included in the regular average daily membership and the census of children with special needs, and to provide the additional program costs which exceed the per pupil allocation from the State Public School Fund and other State and federal funds for children with special needs.

(g) Use of unexpended funds. — The Director of the Budget may use any unexpended funds allocated in this section to fund additional treatment and education programs for class members in accordance with the schedule of priorities found in the Department of Human Resources, Division of Mental Health, Mental Retardation and Substance Abuse, Plan I.

(h) Reporting requirements. — The Department of Human Resources and the Department of Public Education shall submit a joint report to the General Assembly on the progress achieved in serving members of the Willie M. class. The report shall include, but not

be limited to the following unduplicated data for each county: (i) the number of children nominated for the Willie M. class; (ii) the number of children actually identified as members of the class in each county; (iii) the number of children served as members of the class in each county; (iv) the number of children that remains unserved; (v) the types and location of treatment and education services provided to class members; (vi) the cost of services, by type, to members of the class; (vii) information on the impact of treatment and education services on members of the class; and (viii) the readiness of other areas of the State to proceed with providing services. The Departments shall report to the 1982 Session of the 1981 General Assembly and, by October 1, 1982, to the General Assembly and the Governor.

—CLASS SIZE MAXIMA

Sec. 29.9. First priority in the use of the funds appropriated in Section 2 of this act to the Department of Public Education, Fiscal Administration and Support, shall be to meet the statutory class size maxima of 26 pupils in kindergarten-grade three, 33 pupils in grades 4-8, and 35 pupils in grades 9-12. The teacher positions required to meet class size requirements shall be used only for instructing pupils.

Absent a specific appropriation for this purpose, the General Assembly (1) directs the State Board of Education to set its priorities regarding the use of remaining funds so as to serve the pupils in the classrooms most advantageously, (2) authorizes the State Board of Education to change other allotment formulas as necessary to achieve the statutory class size maxima, and (3) directs the State Board of Education to assure compliance by each local board of education with these directions.

Sec. 29.10. Notwithstanding other provisions of law, the State Board of Education may allow a class size maximum of 29 pupils in kindergarten through grade three as may be necessary due to K-3 allotment ratio of 1:26 for 1981-83.

—PUBLIC SCHOOLS — ENERGY COSTS

Sec. 29.11. Funds appropriated in Section 2 of this act to the Department of Public Education, Fiscal Administration and Support, in the amount of five million dollars (\$5,000,000), for the 1981-82 fiscal year shall be used to provide the largest percentage possible of the total energy costs of the public schools. These funds shall not be used for any purpose other than to offset the direct energy expenditures of the local schools. Unexpended appropriations for energy shall revert to the General Fund on June 30, 1982.

—TEACHER PERFORMANCE STANDARDS

Sec. 29.12. G.S. 115C-326 as it appears in Chapter 423 of the 1981 Session Laws is amended by deleting the year "1981" wherever it appears and by substituting in lieu thereof the year "1982".

By allowing for the delay in implementation of this section, the General Assembly intends to allow time for testing the standards and criteria in up to 24 local school administrative units and for proper and necessary training of personnel involved in the implementation. It is also the legislative intent that standards and criteria utilized in the initial programs include the use of test scores as one of many possible measures of performance.

Sec. 29.13. Of the funds appropriated to the Department of Public Education in Section 2 of this act, the State Board of Education may spend up to twenty-five thousand dollars (\$25,000) for the implementation of performance standards and criteria as provided in G.S. 115C-326 and Section 29.12 of this act.

PART VIII.—SPECIAL PROVISIONS/COMMUNITY COLLEGES

—FULL-TIME EQUIVALENT TEACHING POSITIONS/COMMUNITY COLLEGES

Sec. 30. For the purpose of determining the Community College system-wide number of full-time equivalent (FTE) teaching positions each year, the total curriculum and extension full-time equivalent student enrollment shall be divided by 22.

—BOOKS AND EQUIPMENT APPROPRIATIONS/REVERT AFTER ONE YEAR/
COMMUNITY COLLEGES

Sec. 31. Appropriations in Section 2 of this act to the Department of Community Colleges for equipment and library books are made for each year of the biennium. All unencumbered appropriations shall revert to the General Fund 12 months after the close of each fiscal year for which they were appropriated. Encumbered balances outstanding at the end of each period shall be handled in accordance with existing State budget policies.

—OPERATING APPROPRIATIONS/NOT USED FOR RECREATION EXTENSION/COMMUNITY COLLEGES

Sec. 32. Funds appropriated in Section 2 of this act to the Department of Community Colleges as operating expenses for allocation to the institutions comprising the Community College System shall not be used to support recreation extension courses. The financing of these courses by any institution shall be on a self-supporting basis and membership hours produced from these activities shall not be counted when computing full-time equivalent students for use in budget-funding formulas at the State level.

—BOARD OF COMMUNITY COLLEGES REVISE FORMULA AMOUNTS

Sec. 33. The State Board of Community Colleges may, with the approval of the Director of the Budget, revise the formulas for allocating operating funds to the community colleges and technical institutes. Increases in any per unit formula amounts shall be accompanied by decreases in other per unit formula amounts to produce an equivalent reduction in expenditures.

—COMMUNITY COLLEGE STUDY/HIGH COST SPECIALIZED PROGRAMS

Sec. 33.1. The State Board of Community Colleges shall study the high-cost specialized programs of (1) Heavy Equipment Operators Program at Wilson County Technical Institute, (2) Marine Technology Program at Cape Fear Technical Institute, (3) Wood Products Program at Haywood Technical Institute and (4) Truck Driver Training Program at Johnston Technical Institute, to determine a method of nonformula funding sufficient to meet total direct operating costs. The results of this study shall be reported to the Joint Appropriations Committee in the 1982 Session of the General Assembly and, if approved, shall be used by the Department of Community Colleges in formulating the 1983-85 budget requests.

—ASSISTANCE TO HOSPITAL NURSING/FUND DISTRIBUTION/COMMUNITY COLLEGES

Sec. 34. Funds appropriated in Section 2 of this act to the Department of Community Colleges to provide financial assistance to hospital programs of nursing education leading to diplomas in nursing which are fully accredited by the North Carolina Board of Nursing and operated under the authority of a public or nonprofit hospital licensed by the North Carolina Medical Care Commission shall be distributed, upon application for financial assistance, on the basis of eight hundred fifty dollars (\$850.00) for each full-time student duly enrolled in the program as of December 1 of the preceding year and on condition that accreditation is maintained. The State Board of Community Colleges shall make rules and regulations necessary to ensure that this financial assistance is used directly for faculty and instructional needs of diploma nursing programs.

—SALARY INCREMENT FUND/COMMUNITY COLLEGE PERSONNEL

Sec. 35. Funds appropriated to the Department of Community Colleges in Section 2 of this act in the amount of five million four hundred thirty thousand seven hundred thirty dollars (\$5,430,730) in fiscal year 1981-82 and ten million eight hundred sixty-three thousand three hundred twenty-eight dollars (\$10,863,328) in fiscal year 1982-83 for salary increases of institutional personnel of the community college system are in lieu of specific appropriations for salary increments as are provided for State employees subject to the State Personnel Act. These funds shall be allocated to individuals in accordance with rules and regulations established by the State Board of Community Colleges and may not be used for any purpose other than for salary increases and necessary employer's contributions.

—ELIMINATE COMMUNITY COLLEGE TUITION/HIGH SCHOOL COURSES

Sec. 35.1. G.S. 115D-5(b) is amended in the third sentence by inserting immediately after the phrase "for waiver of tuition and registration fees" the phrase "for persons not enrolled in elementary or secondary schools taking courses leading to a high school diploma or equivalent certificate,".

—STAFF SALARIES/STATE BOARD OF COMMUNITY COLLEGES

Sec. 35.2. G.S. 115D-3 is amended by rewriting the second sentence in the third paragraph to read:

"The State Board shall fix the compensation of the staff members it elects, subject to the approval of the Governor and the Advisory Budget Commission."

—JOB TRAINING PROGRAM/VANCE-GRANVILLE COMMUNITY COLLEGE

Sec. 35.3. The State Board of Community Colleges shall allocate from funds available to it the sum of five hundred thousand dollars (\$500,000) for fiscal year 1981-82 to establish a demonstration project of cooperative programs between Vance-Granville Community College and the public high schools in Vance, Granville, Warren and Franklin Counties. These funds shall be used to operate and equip programs in industrial maintenance, electronics technology and electronic data processing. The State Board of Community Colleges shall work with Vance-Granville Community College in establishing these programs as models for the other institutions in the community college system to follow in establishing similar cooperative programs under the dual enrollment plan. The full-time equivalent (FTE) membership earned in these model programs shall be counted for regular budget FTE for subsequent years allocation to ensure continued operating funds.

PART IX.—SPECIAL PROVISIONS/HIGHER EDUCATION

—WAKE FOREST AND DUKE MEDICAL SCHOOL ASSISTANCE/FUNDING FORMULA

Sec. 36. Funds appropriated in Section 2 of this act to the Board of Governors of The University of North Carolina for continuation of financial assistance to the medical schools of Duke University and Wake Forest University shall be disbursed on certifications of the respective schools of medicine that show the number of North Carolina residents as first-year, second-year, third-year, and fourth-year students in the medical school as of November 1, 1981, and November 1, 1982. Disbursement to Wake Forest University shall be made in the amount of eight thousand dollars (\$8,000) for each medical student who is a North Carolina resident, one thousand dollars (\$1,000) of which shall be placed by the school in a fund to be used to provide financial aid to needy North Carolina students who are enrolled in the medical school. The maximum aid given to any student from this fund in a given year shall not exceed the amount of the difference in tuition and academic fees charged by the school and those charged at the School of Medicine at The University of North Carolina at Chapel Hill.

Disbursement to Duke University shall be made in the amount of five thousand dollars (\$5,000) for each medical student who is a North Carolina resident, five hundred dollars (\$500.00) of which shall be placed by the school in a fund to be used to provide student financial aid to financially needy North Carolina students who are enrolled in the medical school. No individual student shall be awarded assistance from this fund in excess of two thousand dollars (\$2,000) each year. In addition to this basic disbursement for each year of the 1981-83 biennium, a disbursement of one thousand dollars (\$1,000) shall be made for each medical student who is a North Carolina resident in the first- year, second-year, third-year and fourth-year classes to the extent that enrollment of each of those classes exceeds 30 North Carolina students.

The Board of Governors shall establish the criteria for determining the eligibility for financial aid of needy North Carolina students who are enrolled in the medical schools and shall review the grants or awards to eligible students. The Board of Governors shall promulgate regulations for determining which students are residents of North Carolina for the purposes of these programs. The Board shall also make any regulations as necessary to ensure that these

funds are used directly for instruction in the medical programs of the schools and not for religious or other nonpublic purposes. The Board shall encourage the two schools to orient students towards personal health care in North Carolina giving special emphasis to family and community medicine.

—AID TO PRIVATE COLLEGES/PROCEDURE

Sec. 37. Funds appropriated in this act to the Board of Governors of The University of North Carolina for aid to private colleges shall be disbursed in accordance with the provisions of G.S. 116-19, G.S. 116-21, and G.S. 116-22. These funds shall provide up to two hundred dollars (\$200.00) per full-time equivalent North Carolina undergraduate student enrolled at a private institution as of October 1 each year.

These funds shall be placed in a separate, identifiable account in each eligible institution's budget/chart of accounts. All funds in this account shall be provided as scholarship funds for needy North Carolina students during the fiscal year. Each student awarded a scholarship from this account shall be notified of the source of the funds and of the amount of the award. Funds not utilized under G.S. 116-19 shall be for the tuition grant program as defined in Section 38 of this act.

Sec. 38. In addition to any funds appropriated pursuant to G.S. 116-19 and in addition to all other financial assistance made available to private educational institutions located within the State, or to students attending such institutions, there is granted to each full-time North Carolina undergraduate student attending an approved institution as defined in G.S. 116-22, the sum of six hundred dollars (\$600.00) per academic year in 1981-82 and the sum of six hundred fifty dollars (\$650.00) per academic year in 1982-83 which shall be distributed to the student as hereinafter provided.

The tuition grants provided for in this section shall be administered by the State Education Assistance Authority pursuant to rules and regulations promulgated by the State Education Assistance Authority not inconsistent with this act. The State Education Assistance Authority shall not approve any grant until it receives proper certification from an approved institution that the student applying for the grant is an eligible student. Upon receipt of the certification, the State Education Assistance Authority shall remit at such times as it shall prescribe the grant to the approved institution on behalf, and to the credit, of the student.

In the event a student on whose behalf a grant has been paid is not enrolled and carrying a minimum academic load as of the 10th classroom day following the beginning of the school term for which the grant was paid, the institution shall refund the full amount of the grant to the State Education Assistance Authority. Each approved institution shall be subject to examination by the State Auditor for the purpose of determining whether the institution has properly certified eligibility and enrollment of students and credited grants paid on the behalf of the students.

In the event there are not sufficient funds to provide each eligible student with a full grant, each eligible student shall receive a pro rata share of funds then available for the remainder of the academic year within the fiscal period covered by the current appropriation. Any remaining funds shall revert to the General Fund.

Sec. 39. Expenditures made pursuant to Sections 37 and 38 of this act shall be used for secular educational purposes only.

—PRIVATE COLLEGE STUDENT ASSISTANCE PROGRAM FUNDING

Sec. 39.1. By the end of fiscal year 1986-87, the General Assembly intends to provide for the private college student assistance programs within North Carolina, a reasonable per-student funding level compared to the per-student State appropriation during the preceding fiscal year for the institutions under the Board of Governors of The University of North Carolina.

—ACADEMIC PERSONNEL MERIT SALARY FUNDS/HIGHER EDUCATION

Sec. 41. Funds appropriated to The University Board of Governors in Section 2 of this act in the amount of fourteen million seven hundred ten thousand three hundred ninety-five dollars (\$14,710,395) in the fiscal year 1981-82 and twenty-nine million seven hundred forty-eight thousand six hundred sixty dollars (\$29,748,660) for merit salary increases for employees of The University of North Carolina who are exempt from the State Personnel Act are in lieu of specific appropriations for salary increments and longevity payments as are provided for State employees subject to the State Personnel Act and public school employees. These funds shall be allocated to individuals in accordance with rules and regulations established by the Board of Governors and may not be used for any purpose other than for salary increases and necessary employer's contributions.

—CONTINUATION BUDGET REDUCTIONS/HIGHER EDUCATION

Sec. 41.1. The funds appropriated in Section 2 of this act to North Carolina State University, Academic Affairs, and to East Carolina University, reflect a reduction in the 1981-83 continuation budgets recommended to the General Assembly by the Governor and Advisory Budget Commission. Each of these universities may apply the foregoing reductions as it deems appropriate; however, any reduction in the continuation budgets for the North Carolina State University School of Veterinary Medicine and the East Carolina University School of Medicine must receive prior approval of the Governor and Advisory Budget Commission.

—INTEREST PROCEEDS ON SALE OF UNIVERSITY UTILITIES

Sec. 41.2. Section 11 of 1971 Session Laws Chapter 723, as amended by Section 31 of Chapter 983 of 1975 Session Laws, Second Session 1976, is further amended by redesignating subsection (c) as subsection (d) and by adding a new subsection (c) to read:

"All investment income earned on the proceeds from the sale and lease of real and personal property disposed of pursuant to this act shall be credited to the General Fund of the State."

—EXTENSION INSTRUCTION PROGRAM STUDY/UNIVERSITY OF NORTH CAROLINA

Sec. 41.3. The Board of Governors of The University of North Carolina shall report to the 1983 General Assembly by March 1, 1983, on steps taken to establish a uniform system for classification, fee structure and costs of Extension Instruction Programs within the University System.

—UNIVERSITY TUITION INCREASES

Sec. 41.4. (a) The appropriations in Section 2 of this act to the Board of Governors of The University of North Carolina and its constituent institutions have been adjusted to reflect additional income in anticipation of actions by the Board of Governors to increase tuition at the constituent institutions.

(b) The provisions of G.S. 116-11(7), which reads "The board shall set tuition and required fees at the institutions, not inconsistent with actions of the General Assembly" are reenacted and are incorporated in this act by reference.

(c) G.S. 116-143 is amended in line three of the third paragraph by adding after the word "statute" the words "or by the Board of Governors of The University of North Carolina".

(d) The fourth paragraph of G.S. 116-143 is repealed.

(e) Reduction of tuition may not occur as a result of this act.

—MEMORIAL HOSPITAL/SOCIAL SECURITY NUMBER DISCLOSURE REQUIREMENT

Sec. 41.5. G.S. 116-37 is amended by adding a new subsection to read:

"(h) Patient Information. — North Carolina Memorial Hospital shall, at the earliest possible opportunity, specifically make a verbal and written request to each patient to disclose his Social Security number, if any. If the patient does not disclose that number, North Carolina Memorial Hospital shall deny benefits, rights and privileges of the hospital to the patient as soon as practical, to the maximum extent permitted by federal law or federal regulations. North

Carolina Memorial Hospital shall make the disclosure to the patient required by Section 7(b) of P.L. 93-579. This subsection is supplementary to G.S. 105A-3(c)."

PART X.—SPECIAL PROVISIONS/RETIREES' BENEFITS

—ADDITIONAL COST-OF-LIVING ALLOWANCE INCREASES IN TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM

Sec. 42. G.S. 135-5 is amended by adding a new subsection (dd) to read:

"(dd) From and after July 1, 1981, the retirement allowance to or on account of the beneficiaries whose retirement commenced prior to July 1, 1980, shall be increased by three percent (3%). These increases shall be calculated on the basis of the allowance payable and in effect on June 30, 1980, so as not to compound on the increases otherwise payable under paragraphs (bb), (cc) and (ee) of this section."

—STATUTORY REFERENCE CORRECTION TO 1980-81 COST-OF-LIVING ALLOWANCE INCREASE/TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM

Sec. 42.1. The reference "(x4)" in the sixth line of G.S. 135-5(bb), as contained in the 1981 Replacement Volume 3B of the General Statutes of North Carolina, is changed to read "(cc)".

—ADDITIONAL COST-OF-LIVING ALLOWANCE INCREASES FOR RETIRED LAW ENFORCEMENT OFFICERS

Sec. 43. G.S. 143-166 is amended by adding a new subsection (x5) to read:

"(x5) From and after July 1, 1981, the retirement allowance to or on account of beneficiaries whose retirement commenced between July 1, 1976, and July 1, 1979, shall be increased by a percentage in accordance with the following schedule:

<u>Period in Which Retirement Commenced</u>	<u>Percentage</u>
July 1, 1976 to June 30, 1977	5-1/2%
July 1, 1977 to July 1, 1979	7%

These increases shall be calculated on the basis of the retirement allowance payable and in effect on June 30, 1980, so as not to compound on the increases otherwise payable under subsections (x3), (x4) and (x6) of this Article."

—ADJUSTING INCREASE IN ALLOWANCES IN THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM

Sec. 44. G.S. 135-5 is amended by adding a new subsection (ee) to read:

"(ee) Adjustment in Allowances Paid Beneficiaries Whose Retirement Commenced Prior to July 1, 1980. From and after July 1, 1981, the retirement allowance to or on account of beneficiaries whose retirement commenced prior to July 1, 1980, shall be adjusted by an increase of one and three-tenths percent (1.3%). This adjustment shall be calculated on the basis of the allowance payable and in effect on June 30, 1980, so as not to compound on the increases otherwise payable under paragraphs (bb), (cc) and (dd) of this section."

—ADJUSTING INCREASE IN ALLOWANCES IN THE LAW ENFORCEMENT OFFICERS' BENEFIT AND RETIREMENT FUND

Sec. 45. G.S. 143-166 is amended by adding a new subdivision (x6) to read:

"(x6) From and after July 1, 1981, the retirement allowance to or on account of beneficiaries whose retirement commenced prior to July 1, 1980, shall be adjusted by an increase of one and three-tenths percent (1.3%). This adjustment shall be calculated on the basis of the allowance payable and in effect on June 30, 1980, so as not to compound on the increases otherwise payable under subsections (x3), (x4) and (x5) of this Article."

—RETIRED MEMBERS COST-OF-LIVING ALLOWANCE INCREASES EQUAL TO ACTIVE MEMBERS COST-OF-LIVING INCREASES

Sec. 45.1. It is the intent of the General Assembly to provide cost-of-living increases in retirement allowances for members in the State-supported retirement systems equal to the cost-of-living increases provided for active members of the systems. These increases shall

include the cost-of-living increases provided in the laws establishing the several retirement systems."

—UNREDUCED RETIREMENT ALLOWANCE/TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM

Sec. 45.2. Notwithstanding the provisions of Chapter 135 of the General Statutes, any member of the Teachers' and State Employees' Retirement System who is at least 60 years of age with 25 or more years of creditable service at retirement shall be entitled to an unreduced service retirement allowance based upon the number of years of creditable service at the time of retirement. For each month that this unreduced service retirement precedes a member's 65th birthday, or the completion of 30 years of creditable service, whichever is the smaller, a member shall pay to the Board of Trustees of the Teachers' and State Employees' Retirement System, to be credited to the member's account in the Annuity Savings Fund, an amount equal to one half of one percent ($1/2$ of 1%) multiplied by the highest annual salary paid during the last consecutive four years of service. The provisions of this section shall be funded by an increase in the employer contribution rate. This section shall be effective only through June 30, 1983, and shall be applicable to those members whose retirement becomes effective before June 1, 1983.

—SALARY-RELATED CONTRIBUTIONS/EMPLOYERS

Sec. 45.3. Required employer salary-related contributions for employees whose salaries are paid from department, office, institution, or agency receipts shall be paid from the same source as the source of the employee's salary. If an employee's salary is paid in part from the General Fund and in part from department, office, institution, or agency receipts, required employer salary-related contributions shall be paid from the General Fund only to the extent of the proportionate part paid from the General Fund in support of the salary of the employee, and the remainder of the employer's requirements shall be paid from the source which supplies the remainder of the employee's salary. The requirements of this section as to source of payment are also applicable to payments on behalf of the employee for hospital-medical insurance, longevity, and unemployment insurance.

The State employer contribution percentage rates of salaries budgeted for the retirement systems for 1981-83 are: (1) 9.92 – Teachers and State Employees, (2) 5.64 – Law Enforcement Officers, (3) 30.77 – Uniform Judicial, (4) 24.03 – Uniform Solicitorial, and (5) 29.00 – Uniform Clerks of Superior Court.

PART XI.—SPECIAL PROVISIONS/JUDICIAL DEPARTMENT

—APPELLATE JUDGES/EMERGENCY JUDGES

Sec. 46. G.S. 7A-39.3(b) is amended to read: "(b) In addition to the compensation or retirement allowance he would otherwise be entitled to receive by law, each emergency justice or emergency judge recalled for temporary active service shall be paid by the State his actual expenses, plus seventy-five dollars (\$75.00) for each day of active service rendered upon recall."

—TRIAL JUDGES/EMERGENCY JUDGES

Sec. 47. G.S. 7A-52(b) is amended to read:

"(b) In addition to the compensation or retirement allowance he would otherwise be entitled to receive by law, each emergency judge of the district or superior court who is assigned to temporary active service by the Chief Justice shall be paid by the State his actual expenses, plus seventy-five dollars (\$75.00) for each day of active service rendered upon recall."

—FISCAL INDEPENDENCE OF ADMINISTRATIVE OFFICE OF THE COURTS

Sec. 47.1. Article 1 of Chapter 143 of the General Statutes, the Executive Budget Act, is amended as follows:

(a) By deleting the phrase "State Auditor and the State Treasurer" and substituting "State Auditor, State Treasurer, and Administrative Office of the Courts" in the fifth and sixth

lines of the last paragraph of G.S. 143-2, in the first and second sentences of G.S. 143-23.1, and in the next to last sentence of G.S. 143-25.

(b) By deleting the phrase "State Auditor and the State Treasurer" and substituting "State Auditor, State Treasurer, and Administrative Officer of the Courts" in the second and third lines of the last paragraph of G.S. 143-2, in the last sentence of G.S. 143-3, in the second sentence of G.S. 143-3.2, and in both places in the last sentence of G.S. 143-28.

(c) By deleting the phrase "State Auditor and the State Treasurer" in the third line of the fourth paragraph of G.S. 143-4 and substituting "State Auditor, State Treasurer, and Administrative Office of the Courts"; and by deleting the phrase "State Auditor and State Treasurer" in the fourth and fifth lines of the same paragraph and substituting "State Auditor, State Treasurer, and Administrative Officer of the Courts".

(d) By deleting the phrase "Auditor's office and the Treasurer's office" in the last sentence of G.S. 143-17 and substituting "State Auditor's office, State Treasurer's office, and Administrative Office of the Courts".

PART XII.—SPECIAL PROVISIONS/DEPARTMENT OF ADMINISTRATION

—STATE-OWNED MOTOR VEHICLES

Sec. 48. G.S. 143-341(8)i.3. is amended to read:

"3. To require on a schedule determined by the Department and the Advisory Budget Commission all State agencies to transfer ownership, custody or control of any or all passenger motor vehicles within the ownership, custody or control of that agency to the Department, except those motor vehicles under the ownership, custody or control of the Highway Patrol or the State Bureau of Investigation which are used primarily for law enforcement purposes."

Sec. 49. G.S. 143-341(8)i.7. is amended by deleting the language "Council of State" wherever it appears and substituting "Advisory Budget Commission".

Sec. 50. G.S. 143-341(8)i.8. is amended to read:

"8. To adopt and administer rules and regulations for the control of all State-owned passenger motor vehicles and to require State agencies to keep all records and make all reports regarding motor vehicle use as the Secretary deems necessary."

Sec. 51. G.S. 143-341(8)i. is amended by adding a new sub-part to read:

"7a. To adopt, with the approval of the Governor and the Advisory Budget Commission, rules and regulations to assure that by January 1, 1982, no State-owned passenger motor vehicle, whether or not owned by the Department, shall be permanently assigned to an individual unless the vehicle is likely to be driven by him at a rate of more than 12,600 miles per year on official business, and to enforce these rules and regulations; and to adopt, with the approval of the Governor and the Advisory Budget Commission, rules and regulations regulating the use of and reimbursement for permanently assigned State-owned passenger motor vehicles to commute. Exceptions to the rules regarding the permanent assignment of State-owned passenger motor vehicles may be made for individuals whose duties are routinely related to public safety or whose duties are likely to expose them routinely to life threatening situations. An individual who drives a permanently assigned State-owned passenger motor vehicle

between his official work station and his home shall reimburse the State for the trips at the current motor pool mileage rate established by the Department. If the round trip is 13 miles or less, reimbursement shall be for 13 miles times 20 work days per month; if the round trip is more than 13 miles, reimbursement shall be for the actual round trip mileage times 20 work days per month. Reimbursement shall be made by payroll deduction. Funds derived from reimbursements on vehicles owned by the Central Motor Pool shall be deposited to the credit of the Central Motor Pool; funds derived from reimbursements on vehicles initially purchased with appropriations from the Highway Fund and not owned by the Central Motor Pool shall be deposited to a Special Depository Account in the Department of Transportation which shall revert to the Highway Fund; funds derived from reimbursements on all other vehicles shall be deposited to a Special Depository Account in the Department of Administration which shall revert to the General Fund. No reimbursement shall be required for the use of vehicles by law enforcement officers whose primary duties are not administrative.

The Department, with the approval of the Governor and the Advisory Budget Commission, may delegate to the respective heads of agencies which own passenger motor vehicles or to which motor vehicles are permanently assigned by the Department, the duty of enforcing the rules and regulations adopted by the Department pursuant to the paragraph above."

Sec. 52. G.S. 14-247 is amended by adding a new sentence after the first sentence to read:

"It is not a private purpose to drive a permanently assigned State-owned motor vehicle between one's official work station and one's home as provided in G.S. 143-341(8)i.7a."

Sec. 53. G.S. 14-247 is amended by adding a new paragraph to read:

"It shall be unlawful for any person to violate a rule or regulation adopted by the Department of Administration and approved by the Governor and the Advisory Budget Commission concerning the control of all State-owned passenger motor vehicles as provided in G.S. 143-341(8)i. with the intent to defraud the State of North Carolina."

Sec. 54. No motor vehicles shall be purchased by any State department, institution or agency without written approval of the Department of Administration. The Director of the Budget may transfer from the budget for motor vehicle purchase in any State department, institution or agency to the Department of Administration, funds necessary to purchase or replace vehicles that will be or have been transferred from that State department, institution or agency to the Central Motor Pool. This provision is necessary in order to effectuate an orderly transfer of passenger motor vehicles from these State departments, institutions or agencies to the Central Motor Pool.

Sec. 55. The Office of Administrative Analysis, Department of Administration shall conduct a study of the following:

- (1) The number, utilization, and condition of all State-owned passenger motor vehicles.
- (2) The current operations of maintenance garages operated by all departments of State government. The study shall include the number, type and size of garage in each county, staff workloads, equipment utilization and capacity,

administration and operation, charges made to other departments for services rendered, and possible savings and increased efficiency from consolidation or other methods of cooperation.

- (3) The feasibility of the State making major repairs and rebuilding school buses and State-owned motor vehicles.

Progress reports shall be made every five months to the Speaker of the House of Representatives, the President Pro Tempore of the Senate and the Fiscal Research Division of the Legislative Services Office. The final report shall include findings and recommendations and shall be made to all members of the 1983 General Assembly on February 1, 1983.

—STATE EMPLOYEE TRAVEL ALLOWANCE

Sec. 56. Funds appropriated in Section 2 of this act for the Reserve for Travel may only be expended for approved and necessary travel expenses of State employees and officials. Any funds remaining in the Reserve for Travel at the end of each fiscal year shall revert to the General Fund.

Except that, three thousand five hundred dollars (\$3,500) shall be made available each year of the biennium from this Reserve to the Office of Administrative Analysis, Department of Administration, to conduct the statewide study of maintenance garages and State-owned motor vehicles as directed in Sec. 55 of this act.

Sec. 57. G.S. 138-6(a)(3) is amended by adding a new sentence at the end to read:

"Reimbursement to State employees for lunches eaten while on official business may be made only in the following circumstances:

- a. when an overnight stay is required reimbursement is allowed while an employee is in travel status;
- b. when the cost of the lunch is included as part of a registration fee for a formal congress, conference, assembly, or convocation, by whatever name called. Such assembly must involve the active participation of persons other than the employees of a single State department, institution, or agency and must be necessary for conducting official State business."

Sec. 58. G.S. 138-6 is amended by adding a new subsection to read:

"(c) Costs of overnight stays, whether in-state or out-of-state, shall not be reimbursed without prior written approval of the official designated by the head of the department or agency. The statement of prior approval shall be attached to the reimbursement request. All reimbursement requests shall be filed for approval and payment within 30 days after the travel period for which the reimbursement is being requested."

Sec. 59. G.S. 138-6(a)(1) is amended by changing the semicolon at the end of that subdivision to a period and by adding a new sentence to read:

"No reimbursement shall be made for the use of a personal car in commuting from an employee's home to his duty station in connection with regularly scheduled work hours. Any designation of an employee's home as his duty station by a department head shall require prior approval by the Office of State Budget and Management on an annual basis. The State Auditor shall in the routine audit of an agency determine compliance with this subdivision."

—LIMIT USE OF REGULAR LICENSE PLATES/STATE-OWNED MOTOR VEHICLES

Sec. 60. The General Assembly finds that the practice of using regular license tags on State-owned vehicles is subject to abuse; therefore, the Council of State shall limit the use of regular license tags. The Council of State shall report to the General Assembly by May 1, 1982, the number of individuals in each department assigned regular tags and the justification for their use.

—CONTRACT FOR FIRE PROTECTION OF STATE PROPERTIES

Sec. 61. The Department of Administration shall negotiate with the Fairgrounds Rural Volunteer Fire Department in Wake County a contract for fire protection of State

facilities and property at a cost not to exceed seventy-five thousand dollars (\$75,000) in the 1981-82 fiscal year and twenty-five thousand dollars (\$25,000) in the 1982-83 fiscal year. Appropriations for this purpose shall not become part of the continuation budget.

—PLAN FOR USE OF TEXTBOOK WAREHOUSE/DEPARTMENT OF ADMINISTRATION

Sec. 62. The Department of Administration shall prepare a plan for the use of the space in the Textbook Warehouse. The plan shall include an analysis of staff needs, possible dollar savings and the impact of installing shelving in the warehouse. The Department shall report to the General Assembly on the plan by September 15, 1981.

—SURPLUS MICROSCOPES MAY BE GIVEN TO SCHOOLS

Sec. 63. The Office of Marine Affairs, Department of Administration, shall give its surplus microscopes to the public schools of the State, including the North Carolina School of Science and Mathematics and institutions under the governance of the Department of Community Colleges, which are unable to supply an adequate number of microscopes to their students. The departments of Public Instruction, Human Resources and Administration shall report to the Office of Marine Affairs the need for microscopes in the schools under their authority.

—TRANSFER FROM EQUIPMENT RESERVE FUND TO STATE SURPLUS PROPERTY WAREHOUSE

Sec. 64. The Director of the Budget shall transfer from the Equipment Reserve Fund to the Department of Administration the sum of fifty-three thousand fifty-one dollars (\$53,051) for the operation of the State Surplus Property Warehouse for fiscal year 1981-82.

—WATER AND SEWER REVOLVING FUND REVERSION

Sec. 65. Funds appropriated from the General Fund to the Regional Water Supply Planning Revolving Fund and the Regional Sewage Disposal Planning Revolving Fund, now consolidated as the Water and Sewer Revolving Fund under the control and direction of the Department of Administration, that have not been allotted for advances to cities, sanitary districts, or regional water or sewer authorities by June 30, 1981, shall revert to the General Fund. Any funds paid to the Department of Administration on or after July 1, 1981, by recipients of advances from the Water and Sewer Revolving Fund, or from the predecessor separate funds, as repayment for those advances, shall be paid into the General Fund.

—EMERGENCY FUEL STORAGE FUNDS/REVERSION

Sec. 66. Section 44 of Chapter 1190 of the 1973 Session Laws is repealed. All funds in the revolving fund for an emergency fuel storage program established in that section shall revert to the General Fund.

—1967 ADVANCE PLANNING RESERVE FOR INSTITUTIONAL FACILITIES

Sec. 67. The unencumbered balance on June 30, 1981, in the Reserve for Advance Planning for Institutional Facilities, Chapter 1108 of the 1967 Session Laws, shall revert to the General Fund.

PART XIII—SPECIAL PROVISIONS/DEPARTMENT OF TRANSPORTATION

—HIGHWAY CONSULTANT CONTRACTS

Sec. 68. G.S. 136-28.1(f) is rewritten to read as follows:

"(f) The Department of Transportation is required to solicit proposals under rules and regulations published by the Department of Transportation for all contracts for professional engineering services and other kinds of professional or specialized services necessary in connection with highway construction or repair that are over ten thousand dollars (\$10,000). The right to reject any and all proposals is reserved to the Board of Transportation, but the award of these contracts, if approved by the Board of Transportation, shall be subject to the approval of the Advisory Budget Commission."

—HIGHWAY RIGHT-OF-WAY PURCHASES

Sec. 69. G.S. 136-44.11 is amended by designating the present statute as subsection (a) and by adding a new subsection (b) to read:

"(b) Requests to the Board of Transportation for allocation of funds for the purchase of right-of-way shall include an estimated time schedule to complete all necessary right-of-way purchases related to a specific project, and a proposed date to award construction contracts for that project. If the anticipated construction contract date is more than two years beyond the estimated completion of the related right-of-way purchases, the approval of both the Board of Transportation and the Director of the Budget is required."

—HIGHWAY EQUIPMENT FUND MODIFICATIONS

Sec. 70. The unencumbered liability of the Highway Current Fund to the Highway Equipment Fund on June 30, 1981, is cancelled. The balance cancelled shall be offset by the transfer of all inventory of equipment repair parts and supplies from the Current Fund to the Equipment Fund.

The funds budgeted for depreciation in the 1981-83 biennium shall be the authorized budget for equipment purchases by the Highway Equipment Fund and may be increased only with the approval of the Director of the Budget.

—CREW-SIZE REDUCTIONS/DEPARTMENT OF TRANSPORTATION

Sec. 71. The Department of Transportation shall reduce its crew-size standards in the Division of Highways and make these standards more uniform statewide. The Department shall report to the General Assembly by October 1, 1981, its new standards, the number of positions to be eliminated under the new standards, the anticipated dollar savings and the impact on levels of service.

—RESURFACING CONTRACT BID SPECIFICATIONS

Sec. 72. The Department of Transportation shall monitor the comparative costs of recycled asphalt and new plant-mixed asphalt through bid alternates on resurfacing project bid specifications.

—HIGHWAY COST ALLOCATION STUDY

Sec. 73. The Department of Transportation shall undertake a highway cost allocation study which will consider costs of right-of-way, construction and maintenance attributable to the various vehicular classes of highway users. The Department of Transportation shall make an interim report of the results of this study to the General Assembly by May 1, 1982, and a final report by March 1, 1983.

—REVIEW OF ROAD CONSTRUCTION PROGRAM

Sec. 74. The Board of Transportation shall review its annual construction program formulated under G.S. 136-44.4 in order to prepare revised cost estimates, to reassess the need for each project in the plan, and to eliminate all projects which cannot be justified on objective bases of high traffic demand, highway safety and other criteria established by the Board. The Board shall report the results of its review, corresponding changes in its construction plans and the criteria used to establish priorities of projects to the General Assembly by March 1, 1982.

—ANNUAL HIGHWAY CONSTRUCTION AND MAINTENANCE REPORT TO THE GENERAL ASSEMBLY

Sec. 75. The Department of Transportation shall report to each member of the General Assembly by March 1 of each year how the previous fiscal year's funds for maintenance and construction were allocated and expended. The report shall include expenditures of both State and federal funds and shall be in sufficient detail that the county and project can be identified. To the extent practicable, the report shall identify the types of expenditures such as salaries and wages, equipment and supplies.

—CHANGE OF COMMISSION CONTRACT RATE FOR MOTOR VEHICLE TRANSACTIONS

Sec. 76. (1) On July 1, 1981, the fourth sentence of G.S. 20-63(h) is amended to read:

"Commission contracts entered under this subsection shall provide for the payment of compensation at a rate of fifty-five cents (55¢) per transaction.";

(2) On July 1, 1982, the fourth sentence of G.S. 20-63(h) is amended to read:

"Commission contracts entered under this subsection shall provide for the payment of compensation at a rate of sixty cents (60¢) per transaction."

—GASOLINE TAX AUDIT TRANSFER

Sec. 77. G.S. 20-86.1 is amended by adding a new subsection to read:

"(c) Any auditing function associated with the International Registration Plan shall be performed by the Department of Revenue."

Sec. 78. G.S. 20-91 is amended by adding a new subsection to read:

"(f) To the extent necessary to perform the auditing functions associated with the International Registration Plan, the Secretary of Revenue shall have the same authority granted to the Commissioner of Motor Vehicles by this section."

Sec. 79. G.S. 105-260 is amended by inserting between the word "Subchapter" and the semicolon the following: "and any auditing function associated with the International Registration Plan for motor vehicles".

Sec. 80. G.S. 105-262 is amended by adding the following at the end of that section:

"The Secretary of Revenue may also adopt rules, and prescribe forms, as necessary for auditing associated with the International Registration Plan for motor vehicles."

Sec. 81. G.S. 143B-218 is amended by adding the following at the end of that section:

"It shall also be the duty of the Department to perform any auditing function associated with the International Registration Plan for motor vehicles."

Sec. 82. G.S. 143B-219(a) is amended by adding the following at the end of that subsection:

"The functions of the Department shall also include auditing functions associated with the International Registration Plan for motor vehicles."

Sec. 83. The Director of the Budget shall transfer to the Department of Revenue all funds appropriated to, and all personnel positions assigned to the Department of Transportation, Division of Motor Vehicles, for auditing functions associated with the International Registration Plan.

—STATE FUNDING OF FEDERALLY ELIGIBLE ROAD PROJECTS

Sec. 84. G.S. 136-44.2 is amended by rewriting the fourth paragraph to read:

"The Department of Transportation shall have all powers necessary to comply fully with provisions of present and future federal-aid acts. No federally eligible construction project may be funded entirely with State funds unless the Joint Legislative Commission on Governmental Operations has given its prior approval for that expenditure or has failed to give or deny approval within 60 days of receiving a request for approval from the Department of Transportation. For purposes of this section, 'federally eligible construction project' means any construction project except secondary road projects developed pursuant to G.S. 136-44.7 and G.S. 136-44.8 eligible for federal funds under any federal-aid act, whether or not federal funds are actually available."

Sec. 85. G.S. 120-74 is amended in the first sentence by deleting the number "13" and substituting "14" and in the third sentence by deleting the word "four" and substituting "five".

Sec. 86. G.S. 120-75 is amended to read:

"§ 120-75. **Organization of the Commission.** — The President of the Senate and the Speaker of the House of Representatives shall serve as cochairmen of the Commission. Either of the cochairmen may call a meeting of the Commission."

Sec. 87. G.S. 120-76 is amended by adding a new subdivision (7) to read:

"(7) To evaluate and approve or deny requests from the Department of Transportation regarding the funding of federally eligible construction projects as provided in the fourth paragraph of G.S. 136-44.2."

Sec. 88. G.S. 120-79(a) is amended by deleting the word "chairman" and substituting "chairmen".

Sec. 89. G.S. 120-79(b) is amended by deleting the words "the chairman" and substituting "either chairman".

PART XIV.—SPECIAL PROVISIONS/NATURAL RESOURCES AND COMMUNITY DEVELOPMENT

—LIMITATION ON PERSONNEL FOR AREAWIDE WASTEWATER TREATMENT MANAGEMENT PLANNING PROGRAM

Sec. 90. Budget Code 14300, Budget Purpose 1341, "Area-wide Wastewater Treatment Management Planning" Program, as it appears in Volume 1B of the 1981-83 recommended budget, pages N-53 and N-54, authorizes only the 33 personnel positions which were actually filled on January 29, 1981. No funds from any source shall be expended to fill any other employee position for this program.

—TRANSFER OF COMMUNITY HOUSING SPECIALISTS

Sec. 91. The six housing specialist positions budgeted in fiscal year 1980-81 in the Division of Community Assistance, Department of Natural Resources and Community Development, are transferred to the Division of Community Housing and the Housing Finance Agency, Department of Natural Resources and Community Development. These six positions shall be funded from interest earnings on General Fund reserves available to the Housing Finance Agency or other receipts available to the Housing Finance Agency.

—TRANSFER OF FUNDS TO THE WILDLIFE RESOURCES COMMISSION

Sec. 92. (a) Of the funds appropriated in Section 2 of this act to the Department of Natural Resources and Community Development in the 1981-82 fiscal year, the sum of one million dollars (\$1,000,000) shall be transferred to the Wildlife Resources Commission on condition that:

- (1) No new positions shall be established with this appropriation or with funds freed from other uses by this appropriation.
- (2) None of this appropriation shall be used for subsidizing the cost of the Wildlife magazine or any newsletter or publication published by the Wildlife Resources Commission.
- (3) None of this appropriation shall be used for fox population studies including monitoring the status and trends of foxes in North Carolina.

(b) Of the funds appropriated in Section 2 of this act to the Department of Natural Resources and Community Development in the 1982-83 fiscal year, the sum of one million dollars (\$1,000,000) shall be transferred to a special reserve account for the Wildlife Resources Commission. These funds shall not be expended without specific authorization of the General Assembly by later enactment.

XV.—SPECIAL PROVISIONS/DEPARTMENT OF INSURANCE

—NONTRANSFER OF ENGINEERING POSITION FUNDS/DEPARTMENT OF INSURANCE

Sec. 93. Funds appropriated in Section 2 of this act to the Department of Insurance, Building and Construction Standards Administration Program, for engineering positions may not be transferred to any other line-item in the Department's budget.

—ACTUARIAL CONSULTANTS/DEPARTMENT OF INSURANCE

Sec. 94. G.S. 58-7.3 is amended by adding a new sentence at the end to read:

"If the Commissioner finds it necessary for the proper execution of the work of the Insurance Department to contract with persons, except to fill authorized employee positions, all

those contracts shall be made pursuant to the provisions of Article 3C of Chapter 143 of the General Statutes regarding contracts to obtain consultant services."

PART XVI.—SPECIAL PROVISIONS/APPROPRIATIONS ACT

—EXECUTIVE BUDGET ACT REFERENCE

Sec. 95. The provisions of the Executive Budget Act, Chapter 143, Article 1, of the General Statutes, are reenacted and shall remain in full force and effect and are incorporated in this act by reference.

—EFFECT OF MOST LIMITATIONS AND DIRECTIONS IN TEXT/ONLY — 1981-83

Sec. 96. Except for statutory changes or other provisions that clearly indicate an intention to have effects beyond the 1981-83 biennium, the textual provisions of this act, except for the provisions of Section 16, shall apply only to funds appropriated for, and activities occurring during, the 1981-83 biennium. The provisions of Section 16 of this act shall have effect beyond the 1981-83 biennium.

—SEVERABILITY CLAUSE

Sec. 97. If any section or provision of this act is declared unconstitutional or invalid by the courts, it shall not affect the validity of the act as a whole or any part other than the part so declared to be unconstitutional or invalid.

—EFFECTIVE DATE

Sec. 98. All sections of this act except Sections 42.1 and Sections 77 through 83 shall become effective July 1, 1981. Section 42.1 is effective on and after July 1, 1980. Sections 77 through 83 shall become effective November 15, 1981.

In the General Assembly read three times and ratified, this the 8th day of July, 1981.